



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** September 27, 2011  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** August 2011 Investment Report

**RECOMMENDATION:**

That Council accept the August 2011 Investment Report.

**DISCUSSION:**

The attached investment report includes Investment Activity, Interest Revenue, a Summary of Cash and Investments, and Investment Portfolio detail as of August 31, 2011.

**ATTACHMENT:** August 2011 Investment Report  
**PREPARED BY:** Jill Taura, Treasury Manager  
**SUBMITTED BY:** Robert Samario, Finance Director  
**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**August 31, 2011**

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

8/1 LAIF Deposit - City	\$ 3,000,000
8/4 LAIF Deposit - City	1,000,000
8/8 LAIF Deposit - City	2,000,000
8/15 LAIF Deposit - City	2,500,000
8/18 LAIF Deposit - City	1,000,000
8/23 LAIF Deposit - City	4,000,000
8/26 LAIF Deposit - City	1,000,000
8/31 LAIF Deposit - City	1,000,000
<b>Total</b>	<b>\$ 15,500,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

8/5 Federal National Mortgage Association (FNMA) - Call	\$ (2,000,000)
8/10 LAIF Withdrawal - City	(2,000,000)
8/11 LAIF Withdrawal - City	(1,500,000)
8/15 Federal Home Loan Bank (FHLB) - Call	(1,995,000)
8/22 Federal Home Loan Mortgage Corp (FHLMC) - Call	(1,500,000)
8/25 Federal Home Loan Bank (FHLB) - Call	(2,000,000)
8/26 Federal Home Loan Bank (FHLB) - Call	(2,000,000)
8/29 LAIF Withdrawal - City	(1,500,000)
<b>Total</b>	<b>\$ (14,495,000)</b>

**ACTIVITY TOTAL**

**\$ 1,005,000**

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**INTEREST REVENUE**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 254,613
Amortization	(15,650)
Interest on SBB&T Accounts	158
<b>Total</b>	<b>\$ 239,122</b>

**TOTAL INTEREST EARNED**

**\$ 239,122**

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**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**August 31, 2011**

**ENDING BALANCE AS OF JULY 31, 2011**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 36,500,000	0.380%	22.31%	1
Certificates of Deposit	2,000,000	1.750%	1.22%	109
Federal Agency Issues - Coupon	110,971,763	2.026%	67.82%	1,174
Corporate/Medium Term Notes	<u>8,186,962</u>	<u>1.947%</u>	<u>5.00%</u>	<u>1,228</u>
	157,658,725	1.637%	96.35%	892
SB Airport Promissory Note	<u>5,962,504</u>	<u>7.000%</u>	<u>3.64%</u>	<u>6,543</u>
Totals and Averages	<u>\$ 163,621,229</u>	<u>1.833%</u>	<u>100.00%</u>	<u>1,098</u>
SBB&T Money Market Account	5,081,443			
<b>Total Cash and Investments</b>	<b><u>\$ 168,702,673</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR AUGUST 2011**      **\$ 11,878**

**ENDING BALANCE AS OF AUGUST 31, 2011**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 47,000,000	0.408%	28.55%	1 (1)
Certificates of Deposit	2,000,000	1.750%	1.21%	78
Federal Agency Issues - Coupon	101,467,556	2.001%	61.64%	1,107
Corporate/Medium Term Notes	<u>8,180,520</u>	<u>1.947%</u>	<u>4.97%</u>	<u>1,197</u>
	158,648,075	1.523%	96.37%	771
SB Airport Promissory Note	<u>5,962,504</u>	<u>7.000%</u>	<u>3.62%</u>	<u>6,512</u>
Totals and Averages	<u>\$ 164,610,579</u>	<u>1.722%</u>	<u>100.00%</u>	<u>979</u>
SBB&T Money Market Account	4,103,972			
<b>Total Cash and Investments</b>	<b><u>\$ 168,714,551</u></b>			

Note:

(1) The average life of the LAIF portfolio as of August 31, 2011 is 227 days.

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**August 31, 2011**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	QUALITY RATING S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.408	0.408	47,000,000.00	47,000,000.00	47,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	0.408	0.408	0.00	0.00	0.00	0.00	
<b>Subtotal, LAIF</b>							47,000,000.00	47,000,000.00	47,000,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
MONTECITO BANK & TRUST	11/18/09	11/18/11	-	-	1.750	1.750	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>Subtotal, Certificates of deposit</b>							2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FEDERAL FARM CREDIT BANK	03/06/09	04/24/12	Aaa	AA+	2.250	2.120	2,000,000.00	2,001,623.56	2,025,780.00	24,156.44	
FEDERAL FARM CREDIT BANK	10/28/10	10/28/15	Aaa	AA+	1.540	1.540	2,000,000.00	2,000,000.00	2,003,920.00	3,920.00	Callable 10/28/11, then cont.
FEDERAL FARM CREDIT BANK	12/10/10	12/08/14	Aaa	AA+	1.500	1.662	2,000,000.00	1,996,613.13	2,004,520.00	7,906.87	Callable 12/08/11, then cont.
FEDERAL FARM CREDIT BANK	02/02/11	02/02/15	Aaa	AA+	2.000	2.000	1,500,000.00	1,500,000.00	1,507,905.00	7,905.00	Callable 02/02/12, then cont.
FEDERAL FARM CREDIT BANK	02/10/11	02/10/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,042,300.00	42,300.00	
FEDERAL FARM CREDIT BANK	03/09/11	03/09/16	Aaa	AA+	2.600	2.621	2,000,000.00	1,998,955.56	2,024,740.00	25,784.44	Callable 03/09/12, then cont.
FEDERAL FARM CREDIT BANK	12/15/10	12/15/15	Aaa	AA+	2.480	2.480	2,000,000.00	2,000,000.00	2,011,820.00	11,820.00	Callable 12/15/11, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AA+	2.000	2.002	2,000,000.00	2,000,000.00	2,014,240.00	14,240.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AA+	2.600	2.600	2,000,000.00	2,000,000.00	2,069,280.00	69,280.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,060,200.00	60,200.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AA+	2.125	2.125	2,000,000.00	2,000,000.00	2,029,920.00	29,920.00	
FEDERAL FARM CREDIT BANK	09/30/09	10/03/11	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,001,640.00	1,640.00	
FEDERAL FARM CREDIT BANK	04/30/10	04/09/15	Aaa	AA+	2.900	2.916	2,000,000.00	1,999,525.95	2,022,860.00	23,334.05	Callable 04/09/12, once
FEDERAL FARM CREDIT BANK	11/23/10	11/23/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,021,300.00	21,300.00	Callable 05/23/12, then cont.
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,127,320.00	127,320.00	
FEDERAL HOME LOAN BANK	06/30/11	06/30/16	Aaa	AA+	1.300	2.297	2,000,000.00	2,000,000.00	2,005,640.00	5,640.00	SU 3% Callable 12/30/11, then qtrly
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AA+	4.375	2.110	1,700,000.00	1,728,474.61	1,754,213.00	25,738.39	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,068,960.00	68,960.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,051,900.00	51,900.00	
FEDERAL HOME LOAN BANK	06/30/11	06/30/16	Aaa	AA+	2.110	2.110	2,000,000.00	2,000,000.00	2,002,660.00	2,660.00	Callable 09/30/11, then qtrly
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,029,522.11	2,123,900.00	94,377.89	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	2,033,720.00	33,720.00	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,071,900.00	71,900.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,020,320.00	20,320.00	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AA+	2.000	2.653	2,000,000.00	2,000,000.00	2,039,820.00	39,820.00	SU 3.35%, Callable 11/28/12, once
FEDERAL HOME LOAN BANK	06/30/10	06/30/14	Aaa	AA+	1.125	2.277	2,000,000.00	2,000,000.00	2,002,740.00	2,740.00	SU 3% Callable 12/30/11, once
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,081,315.21	2,162,900.00	81,584.79	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,043,396.32	2,123,900.00	80,503.68	

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**August 31, 2011**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	QUALITY RATING S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
FEDERAL HOME LOAN BANK	03/26/10	06/08/12	Aaa	AA+	1.375	1.325	2,000,000.00	2,000,755.45	2,017,680.00	16,924.55	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,071,080.00	71,080.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,083,820.00	83,820.00	
FEDERAL HOME LOAN BANK	06/30/11	06/30/16	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,002,560.00	2,560.00	Callable 09/30/11, then cont.
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12	Aaa	AA+	2.125	1.699	2,000,000.00	2,008,721.31	2,039,720.00	30,998.69	
FEDERAL HOME LOAN MTG CORP	11/23/10	11/23/15	Aaa	AA+	1.750	1.845	2,000,000.00	1,997,950.00	2,005,940.00	7,990.00	Callable 11/23/11, once
FEDERAL HOME LOAN MTG CORP	01/06/11	02/25/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,045,260.00	45,260.00	
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AA+	1.000	2.420	2,000,000.00	1,973,875.19	2,012,160.00	38,284.81	
FEDERAL HOME LOAN MTG CORP	03/26/10	04/25/12	Aaa	AA+	1.125	1.197	1,000,000.00	999,537.62	1,005,740.00	6,202.38	
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AA+	4.500	1.615	2,000,000.00	2,144,877.10	2,200,820.00	55,942.90	
FEDERAL NATL MORTGAGE ASSN	02/17/11	02/17/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,022,260.00	22,260.00	Callable 02/17/12, once
FEDERAL NATL MORTGAGE ASSN	06/07/11	03/07/16	Aaa	AA+	2.075	2.075	2,000,000.00	2,000,000.00	2,024,260.00	24,260.00	Callable 06/07/12, once
FEDERAL NATL MORTGAGE ASSN	07/05/11	07/05/16	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,010,460.00	10,460.00	Callable 01/05/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	07/19/11	07/19/16	Aaa	AA+	1.900	2.106	1,000,000.00	1,000,000.00	1,005,460.00	5,460.00	SU 2%-3.5%, Call 01/19/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	08/10/10	08/10/15	Aaa	AA+	2.000	2.055	2,000,000.00	1,997,551.67	2,035,140.00	37,588.33	Callable 08/10/12, once
FEDERAL NATL MORTGAGE ASSN	11/17/10	11/17/14	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,045,980.00	45,980.00	
FEDERAL NATL MORTGAGE ASSN	12/28/10	12/28/15	Aaa	AA+	2.000	2.011	2,000,000.00	1,999,675.00	2,010,260.00	10,585.00	Callable 12/28/11, once
FEDERAL NATL MORTGAGE ASSN	04/11/11	04/11/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,025,820.00	25,820.00	Callable 04/11/12, once
FEDERAL NATL MORTGAGE ASSN	06/27/11	06/27/16	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,029,580.00	29,580.00	Callable 06/27/13, once
FEDERAL NATL MORTGAGE ASSN	09/09/10	09/09/15	Aaa	AA+	1.850	1.871	2,000,000.00	1,999,955.56	2,000,660.00	704.44	Callable 09/09/11, once
FEDERAL NATL MORTGAGE ASSN	09/21/10	09/21/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,093,780.00	93,780.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,965,230.18	2,061,700.00	96,469.82	
FEDERAL NATL MORTGAGE ASSN	04/18/11	04/18/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,060,840.00	60,840.00	Callable 04/18/13, once
FEDERAL NATL MORTGAGE ASSN	06/29/11	12/29/14	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,011,340.00	11,340.00	Callable 03/29/12, once
<b>Subtotal, Federal Agencies</b>							<u>101,200,000.00</u>	<u>101,467,555.53</u>	<u>103,352,638.00</u>	<u>1,885,082.47</u>	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA+	2.450	2.530	2,000,000.00	1,993,566.67	2,059,660.00	66,093.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	Aa2	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,011,660.00	11,660.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	Aa2	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,027,620.00	27,620.00	
PRES & FELLOWS OF HARVARD COLL	07/12/11	01/15/14	Aaa	AAA	5.000	1.000	2,000,000.00	2,186,953.18	2,198,540.00	11,586.82	
<b>Subtotal, Corporate Securities</b>							<u>8,000,000.00</u>	<u>8,180,519.85</u>	<u>8,297,480.00</u>	<u>116,960.15</u>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	5,962,504.03	5,962,504.03	5,962,504.03	0.00	
<b>Subtotal, SBA Note</b>							<u>5,962,504.03</u>	<u>5,962,504.03</u>	<u>5,962,504.03</u>	<u>0.00</u>	
<b>TOTALS</b>							<u>164,162,504.03</u>	<u>164,610,579.41</u>	<u>166,612,622.03</u>	<u>2,002,042.62</u>	

Market values have been obtained from the City's safekeeping agent, Santa Barbara Bank and Trust (SBB&T). SBB&T uses Interactive Data Pricing Service, Bloomberg and DTC.